

The Finance Authority of New Orleans

*Financial Statements as of and for the Year Ended
March 31, 2009, and Independent Auditors' Reports*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/21/09

THE FINANCE AUTHORITY OF NEW ORLEANS

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2009:	
Individual Balance Sheets — All Funds	7
Individual Balance Sheets — Single Family Program Funds	8
Individual Statements of Revenues, Expenses, and Changes in Net Assets — All Funds	9
Individual Statements of Revenues, Expenses, and Changes in Net Assets — Single Family Program Funds	10
Individual Statements of Cash Flows — All Funds	11-12
Individual Statements of Cash Flows — Single Family Program Funds	13-14
Notes to Financial Statements	15-32
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	33-34



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Finance Authority of New Orleans:

We have audited each of the accompanying individual financial statements of The Finance Authority of New Orleans (the "Authority") as of March 31, 2009, and for the year then ended, as listed in the accompanying table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the Authority at March 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2009, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

financial reporting and on compliance and on the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Silva, Gurtner, & Alvey, LLC

August 19, 2009
New Orleans, Louisiana

Bruno & Tervalon LLP

THE FINANCE AUTHORITY OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED MARCH 31, 2009 (UNAUDITED)

The Management's Discussion and Analysis of The Finance Authority of New Orleans financial performance presents a narrative overview and analysis of the Authority's financial activities for the year ended March 31, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Authority's financial statements, which begin on page 7.

The combined financial statements include the totals of the similar accounts of each of the Authority's bond programs and the Operating Fund, NOHMA Development Corporation, Unrestricted Fund, Xavier University Fund, Pathways to Homeownership New Orleans, Inc. and the Willows Housing Restoration Corporation. Because the assets of the bond programs and certain of the other funds are restricted by the related bond resolutions and indentures, the totaling of the accounts, including the assets therein, is for convenience only and does not indicate that the combined assets are available in any manner other than that provided for in the resolutions and indentures relating to the separate programs. For purposes of this analysis, we will, except when specifically indicated, refer to the combined totals in order to assist the reader in understanding the overall financial status of the Authority.

The Authority's fiscal year ends on March 31 of each year. Therefore, the year ended March 31, 2009, is referred to as 2009 or Fiscal 2009 and the year ended March 31, 2008, is referred to as 2008 or Fiscal 2008 herein.

FINANCIAL HIGHLIGHTS

- The Authority's assets exceeded its liabilities at the close of fiscal 2009 by \$30,083,000 which represents a 7% decrease from last year.
- The Authority's mortgage-backed and other securities had unrealized losses of \$1,246,000 in Fiscal 2009 compared to total unrealized gains of \$2,222,000 in Fiscal 2008.
- Excluding the unrealized loss on securities, the Authority's expenses exceeded its revenues by \$1,086,000 in 2009 compared to an excess of such revenues over expenses of \$1,249,000 in 2008. The major reasons for this change were \$1.1 million of arbitrage tax expenses recorded in 2009 and a gain on the Willows final insurance settlement of \$1,160,000 in 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of two sections — Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

Basic Financial Statements

The basic financial statements include information on a combined basis for the Authority as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the individual balance sheets; the individual statements of revenues, expenses, and changes in net assets; and the individual statements of cash flows. Each statement is presented as an Individual statement for

all funds followed by separate statements which disaggregate the information for individual single family funds.

The individual balance sheets (pages 7 and 8) present the assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The individual statements of revenues, expenses, and changes in net assets (pages 9 and 10) present information showing how the Authority's net assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The individual statements of cash flows (pages 11 through 14) present information showing how the Authority's cash changed as a result of the current year's operations. The Individual cash flow statements are prepared using the direct method and includes the reconciliation of the excess (deficiency) of revenues over expenses before operating transfers to net cash provided by (used in) operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE AUTHORITY

Combined statements of net assets as of March 31, 2009 and 2008, are as follows (in thousands):

	2009	2008
Cash, GICs, and other securities	\$ 67,653	\$ 173,783
Mortgage-backed securities	53,920	60,702
Notes and other receivables-net	48,916	45,290
Capital assets-net	19,792	16,882
Other assets	1,414	4,141
Total assets	191,695	300,798
Other liabilities	20,581	17,976
Long-term debt outstanding	141,031	250,407
Total liabilities	161,612	268,383
Net assets:		
Invested in capital assets — less related debt	9,990	8,963
Restricted	9,240	12,806
Unrestricted	10,853	10,646
Total net assets	\$ 30,083	\$ 32,415

Net assets invested in capital assets represent property and equipment, principally the Willows Apartment complex, less the related mortgage notes payable to Hancock Bank. Restricted net assets represent those assets that are not available for general use due to the terms of the various bond trust indentures under which assets are held and pledged as security for the bonds of the Authority's Mortgage Revenue Bond Programs less the related liabilities. Conversely, unrestricted net assets are those assets for which there are no such limitations.

Capital assets increased from \$16,882,000 at March 31, 2008 to \$19,792,000 at March 31, 2009. This increase was primarily due to capital additions to the Willows. Page 6 contains additional information about the status of the Willows. Note 7 to the financial statements summarizes activity in capital assets during the year.

Net assets of the Authority decreased by \$2,332,000, or 7%, from March 31, 2008 to March 31, 2009. This decrease in net assets is attributed to the net loss of \$2,332,000 which included a decrease in the fair value of securities of \$1,246,000.

	2009 (in thousands)	2008
Operating revenues	\$ 16,012	\$ 20,025
Operating expenses	<u>18,344</u>	<u>16,554</u>
Deficiency of revenues over expenses	<u>\$ (2,332)</u>	<u>\$ 3,471</u>

Operating Revenues and Expenses

The Authority's revenues, exclusive of total unrealized gains and losses on securities decreased to \$17,258,000 in 2009 as compared to \$17,803,000 in 2008. This decrease was primarily due to a \$4,380,000 increase in grant income offset by a \$4,100,000 decrease in interest income caused by a decrease in interest earning assets in 2009. In addition, the Authority had a total net decrease in the fair market value of investments of \$1,246,000 in 2009 compared to a total net increase in the fair value of investments of \$2,214,000 in 2008. The 2009 decrease was comprised of an increase of \$1,080,000 of mortgage-backed securities and a \$2,326,000 decrease of other securities. The decrease in the other securities was due almost entirely to the decrease in cumulative unrealized gains on the Authority's investment in Resolution Trust Corporation bonds which are nearing maturity on January 15, 2011. As interest rates have fallen in 2009 and 2008, the values of the Authority's investment in mortgage-backed securities have risen. As discussed in Note 1 to the financial statements, at March 31, 2009, the fair value of such investments exceeded their historic cost by approximately \$7,400,000 at March 31, 2009.

Expenses increased by \$1,790,000 in the year ended 2009 primarily as a result of decreased interest expense of \$2,459,000 from 2008 to 2009 offset by grant expenses of \$4,100,000 in 2009.

Debt

The Finance Authority of New Orleans had \$141,031,000 in bonds and notes outstanding at year-end, 2009 compared to \$250,407,000 at the end of 2008, a decrease of 44%, as shown below (in thousands)

	2009	2008
Mortgage revenue bonds	\$ 131,229	\$ 242,488
Mortgage on the Willows Apartment complex	<u>9,802</u>	<u>7,919</u>
Totals	<u>\$ 141,031</u>	<u>\$ 250,407</u>

The decreased debt level resulted primarily from bond redemptions made during fiscal 2009.

Note 8 to the financial statements discloses the details of debt for the year ended March 31, 2009.

The Authority's single family bond issue rating continues to carry an AAA rating due to the GNMA and FNMA securities pledged as collateral for the Authority's bond issues.

The Authority has accrued interest and other liabilities of \$20,587,000 outstanding at March 31, 2009 compared with \$17,976,000 at March 31, 2008.

HURRICANE KATRINA

On August 29, 2005, Hurricane Katrina struck New Orleans and other Gulf Coast areas. The Hurricane did substantial damage to the City of New Orleans and included much flooding. The Willows Housing Restoration Corporation ("Willows") owns an apartment complex in New Orleans which was severely damaged by Hurricane Katrina. The Willows received a total of about \$7,100,000 of insurance proceeds. No additional proceeds are expected. The Willows has completed reconstruction of the complex and has starting renting them.

ECONOMIC FACTORS

The continued decline in assets of the various bond funds will result in a decreased amount of net interest income.

The increased occupancy of the Willows will result in increased rent income in future years.

CONTACTING THE FINANCE AUTHORITY OF NEW ORLEANS' MANAGEMENT

This financial report is designed to provide New Orleans' citizens and taxpayers, as well as the Authority's customers and creditors with a general overview of The Finance Authority of New Orleans's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact

Rodney S. Lemon
Chief Financial Officer
618 Baronne Street
New Orleans, LA 70113-1004
Phone: (504) 524-5533
Fax: (504) 524-0133

THE FINANCE AUTHORITY OF NEW ORLEANS

INDIVIDUAL BALANCE SHEETS — ALL FUNDS

AS OF MARCH 31, 2009
(in thousands)

ASSETS	Operating Fund	NOHMA Development Corporation	Unrestricted Fund	Xavier University Fund	Pathways to Homeownership New Orleans, Inc.	Willows Housing Restoration Corporation	Single Family Program Funds	Combined
CASH	\$ 1,250	\$ 6	\$ 640	\$ 5	\$ 1,645	\$ 377	\$ 1,679	\$ 5,602
QUARANTEED INVESTMENT CONTRACTS							5,286	5,286
U.S. GOVERNMENT AND AGENCY SECURITIES	50		1,316				55,399	55,765
MORTGAGE-BACKED SECURITIES			131				53,789	53,920
RECEIVABLES:								
Mortgage loans		146	270	32,130			402	32,048
Accrued interest			8				335	346
Due from the state of Louisiana	3							2,077
Due from the Pathways to Homeownership New Orleans, Inc.	3,449				2,077			3,467
Due from Willows Housing Restoration Corporation	8,897		200					3,549
Other loans and assets	337	177	453			30		5,097
Total receivables	12,786	323	931	32,130	2,077			49,014
Less allowance for doubtful receivables		(50)	(48)					(98)
Receivables — net	12,786	273	883	32,130	2,077			48,916
CAPITAL ASSETS	29		180			19,583		19,792
DEFERRED EXPENSES					225			225
BOND ISSUANCE COSTS AND OTHER DEFERRED EXPENSES, NET						6		6
TOTAL	\$ 14,115	\$ 279	\$ 3,150	\$ 32,135	\$ 3,947	\$ 19,996	\$ 1,183	\$ 118,073
LIABILITIES AND NET ASSETS								
LIABILITIES:								
Accrued interest and other	\$ 96	\$	\$	\$ 540	\$ 70	\$ 113	\$ 2,041	\$ 2,860
Due to other funds					3,549	9,097		12,646
Restricted grants					325		3,741	4,066
Deferred revenue				31,595		9,802	1,009	1,009
Bonds payable				32,135		19,012	99,634	141,031
Total liabilities	96			32,135	3,944	19,012	106,435	161,612
COMMITMENTS AND CONTINGENCIES								
NET ASSETS:								
Invested in capital assets — less related debt	29		180			9,781	9,240	9,990
Restricted	13,990	279	2,970		3	(8,797)	2,408	9,240
Unrestricted		279	3,150		3	984	11,648	30,083
Total net assets	14,019	279	3,150		3			
TOTAL	\$ 14,115	\$ 279	\$ 3,150	\$ 32,135	\$ 3,947	\$ 19,996	\$ 118,073	\$ 191,695

See notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS

INDIVIDUAL BALANCE SHEETS — SINGLE FAMILY PROGRAM FUNDS
AS OF MARCH 31, 2009
(in thousands)

State Family Program Funds																
ASSETS	Series A of 1985	MFCMO of 1991	Refunding Series of 1992	Series A of 1993	Series A/B/C of 1997	Series A/B/C of 1998	Series A/B/C of 1999	Series A/B/C of 2000	Series A/B/C of 2001	MFCMO of 2002	Series A of 2003	Variable Series A of 2003	2004 Single Family	Series A of 2006	Combined	
CASH	\$ 56	\$ 23	\$ 31	\$ 2	\$ 6	\$ 336	\$ 23	\$ 56	\$ 22	\$ 27	\$ 3	\$ 181	\$	452	\$ 1,679	
GUARANTEED INVESTMENT CONTRACTS	—	152	—	175	409	563	555	1,188	363	—	837	—	—	1,024	5,286	
U.S. GOVERNMENT AND AGENCY SECURITIES	—	1,267	54,132	—	—	—	—	—	—	—	—	—	—	—	55,399	
MORTGAGE-BACKED SECURITIES	—	—	—	3,248	4,304	4,152	4,117	5,462	4,729	202	4,527	1,233	—	21,795	53,789	
RECEIVABLES:																
Mortgage loans	154	—	—	74	28	27	27	32	28	1	30	8	—	110	402	
Accrued interest and other	2	—	—	19	—	—	—	—	—	—	—	—	—	—	315	
Total receivables	156	—	—	93	28	27	27	32	28	1	30	8	—	110	717	
Less allowance for doubtful receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Receivables — net	156	—	—	93	28	27	27	32	28	1	30	8	—	110	717	
BOND ISSUANCE COSTS AND OTHER DEFERRED EXPENSES — Net of accumulated amortization	—	—	77	24	48	—	109	83	176	—	175	—	—	491	1,183	
TOTAL	\$212	\$1,442	\$54,240	\$3,542	\$4,795	\$5,078	\$4,831	\$5,841	\$5,318	\$230	\$5,592	\$1,642	\$	\$23,872	\$118,073	
LIABILITIES AND NET ASSETS																
LIABILITIES:																
Accrued interest and other	\$	\$	\$ 642	\$ 55	\$ 40	\$ 124	\$ 540	\$ 85	\$ 111	\$ 2	\$ 80	\$	\$	\$ 362	\$ 2,041	
Restricted grants	—	—	—	804	674	687	732	457	265	—	92	—	—	—	3,741	
Deferred revenue	—	911	49,106	28	34	43	125	89	153	55	126	—	—	411	1,009	
Revenue bonds payable	—	—	—	2,855	2,440	4,230	3,224	4,608	4,665	—	4,978	—	—	22,380	99,654	
Total liabilities	—	911	49,748	3,742	3,188	5,084	4,721	5,221	5,224	57	5,276	—	—	23,153	106,425	
COMMITMENTS AND CONTINGENCIES																
NET ASSETS:																
Restricted	212	531	4,492	(200)	1,697	(6)	110	1,520	94	57	316	1,642	—	719	9,240	
Unrestricted	—	—	—	—	—	—	—	—	—	116	—	—	—	—	2,408	
Total net assets	212	531	4,492	(200)	1,697	(6)	110	1,520	94	173	316	1,642	—	719	11,648	
TOTAL	\$212	\$1,442	\$54,240	\$197	\$241	\$	\$4,831	\$5,841	\$5,318	\$230	\$5,592	\$1,642	\$	\$23,872	\$118,073	

See notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS

INDIVIDUAL STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS — ALL FUNDS
FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	Operating Fund	NOHMA Development Corporation	Unrestricted Fund	Xavier University Fund	Pathway to Homeownership New Orleans, Inc.	Willows Housing Restoration Corporation	Single Family Program Funds	Combined
REVENUES:								
Interest on mortgage loans and mortgage-backed securities	\$ -	\$ -	\$ 70	\$ 1,660	\$ -	\$ -	\$ 3,136	\$ 4,866
Interest on other investments	40		57				6,300	6,397
Lender participation fees							163	163
Unrealized gain (loss) on:								
Mortgage-backed securities			20		4,380		1,080	1,080
Other securities							(2,346)	(2,326)
Grant from state of Louisiana						1,401	4,380	4,380
Rental income	38	17	67			156	1,401	1,401
Other							(227)	51
Total revenues	78	17	214	1,660	4,380	1,557	8,106	16,012
EXPENSES:								
Interest on bonds and notes				1,660		300	7,957	9,917
Program expenses	659	2	10		4,380	1,224	1,278	3,173
Grant from state of Louisiana								4,380
Amortization of bond issuance and other costs	6		3			555	310	874
Total expenses	665	2	13	1,660	4,380	2,079	9,545	18,344
EXCESS OF (DEFICIENCY IN) REVENUES OVER EXPENSES BEFORE OPERATING TRANSFERS	(87)	15	201			(522)	(1,439)	(2,332)
OPERATING TRANSFERS IN (OUT)	(246)	(138)	515				(131)	
EXCESS OF (DEFICIENCY IN) REVENUES OVER EXPENSES	(833)	(123)	716	-	-	(522)	(1,570)	(2,332)
NET ASSETS — Beginning of year	14,852	402	2,434		3	1,506	13,218	32,415
NET ASSETS — End of year	\$ 14,019	\$ 279	\$ 3,150	\$ -	\$ 3	\$ 984	\$ 11,648	\$ 30,083

See notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS

INDIVIDUAL STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS — SINGLE FAMILY PROGRAM FUNDS FOR THE YEAR ENDED MARCH 31, 2009 (In thousands)

	Series A of 1985	Series A of 1986	Series A of 1987	Series A of 1988	Series A of 1989	Series A of 1990	Series A of 1991	Series A of 1992	Series A of 1993	Series A of 1994	Series A of 1995	Series A of 1996	Series A of 1997	Series A of 1998	Series A of 1999	Series A of 2000	Series A of 2001	Series A of 2002	Series A of 2003	Series A of 2004	Series A of 2005	Series A of 2006	Series A of 2007	Series A of 2008	Series A of 2009
REVENUES:																									
Interest on mortgage loans and mortgage-backed securities	\$ 14	\$ 64	\$ 3,852	\$ 24	\$ 7	\$ 190	\$ 253	\$ 252	\$ 263	\$ 317	\$ 279	\$ 279	\$ 279	\$ 279	\$ 279	\$ 279	\$ 279	\$ 279	\$ 279	\$ 279	\$ 279	\$ 279	\$ 279	\$ 279	\$ 279
Interest on other investments	2			1	1	16	21	22	22	14	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18
Unrealized gains (losses) on:						4	5	11	25	10	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
Mortgage-backed securities		(11)	(2,336)			37	66	92	46	75	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106
Other securities						(54)	(32)	(60)	(18)	(59)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Other																									
Total revenues	16	53	1,517	25	8	199	258	317	330	439	424	424	424	424	424	424	424	424	424	424	424	424	424	424	424
EXPENSES:																									
Interest on revenue bonds	5	79	3,147	2	2	190	197	241	335	304	264	264	264	264	264	264	264	264	264	264	264	264	264	264	264
Program expenses	16	1	22	2	2	15	17	18	12	9	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Amortization of bond issuance and other costs			44			6	16		15	13	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23
Total expenses	21	80	3,213	4	4	211	210	259	362	326	299	299	299	299	299	299	299	299	299	299	299	299	299	299	299
EXCESS OF (DEFICIENCY IN) REVENUES OVER EXPENSES BEFORE TRANSFERS	(5)	(27)	(1,696)	23	6	(14)	68	58	(32)	113	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125
OPERATING TRANSFERS IN (OUT)																									
EXCESS OF (DEFICIENCY IN) REVENUES OVER EXPENSES	(5)	(27)	(1,696)	23	6	(14)	68	58	(32)	113	125	125	125	125	125	125	125	125	125	125	125	125	125	125	125
NET ASSETS — Beginning of year	217	538	6,188	174	235	3,189	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247
NET ASSETS — End of year	212	531	4,492	197	241	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

See notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS

INDIVIDUAL STATEMENTS OF CASH FLOWS — ALL FUNDS YEAR ENDED MARCH 31, 2009

(in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:

Collections of mortgage loans and mortgage-backed securities income
Collection of mortgage loans and mortgage-backed securities
Repayments (advances) to Willows Housing Restoration Corporation
Advances to Pathways to Homeownership New Orleans, Inc.
Collections of grants from state of Louisiana
Grants made and other expenditures to individuals
Collections of insurance claim
Rescinded grants received
Other items

Net cash (used in) provided by operating activities

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Proceeds from bond issuance
Bonds redeemed
Interest paid on revenue bonds
Interfund activities — transfers

Net cash provided by (used in) noncapital financing activities

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from notes payable
Interest paid
Acquisition of capital assets

Net cash used in capital and related financing activities

CASH FLOWS FROM INVESTING ACTIVITIES:

(Purchases) maturities of investments — net
Interest received on investments

Net cash (used in) provided by investing activities

NET INCREASE (DECREASE) IN CASH

CASH — Beginning of year

CASH — End of year

	Operating Fund	NOHMA Development Corporation	Unrestricted Fund	Xavier University Fund	Pathways to Homeownership New Orleans, Inc.	Willows Housing Restoration Corporation	Single Family Program Funds	Combined
	\$ -	\$ -	\$ 70	\$ 1,660	\$ -	\$ -	\$ 3,168	\$ 4,898
	1,057	19	398	700	-	(857)	7,885	9,002
	(3,549)		(200)		3,549			2,303
					2,303			(4,605)
					(4,605)			2,300
					325	2,200		325
	(1,021)	(42)	77	7	17	324	(1,696)	(2,334)
	(3,513)	(23)	345	2,367	1,589	1,667	9,357	11,789
	(246)	(138)	515	(700)			(110,271)	(110,971)
				(1,673)			(8,309)	(9,982)
							(131)	
	(246)	(138)	515	(2,373)			(118,711)	(120,953)
	(12)		(3)			1,883		1,883
						(438)		(438)
						(2,904)		(2,919)
	(12)		(3)					
						(1,459)		(1,474)
	116		(398)				103,390	103,108
	40		57		3		4,756	4,856
	156		(341)		3		108,146	107,964
	(3,615)	(161)	516	(6)	1,592	208	(1,208)	(2,674)
	4,865	167	124	11	53	169	2,887	8,276
	\$ 1,250	\$ 6	\$ 640	\$ 5	\$ 1,645	\$ 377	\$ 1,679	\$ 5,602

(Continued)

THE FINANCE AUTHORITY OF NEW ORLEANS

INDIVIDUAL STATEMENTS OF CASH FLOWS -- ALL FUNDS
YEAR ENDED MARCH 31, 2009
(In thousands)

RECONCILIATION OF (DEFICIENCY) EXCESS OR REVENUES OVER EXPENSES BEFORE OPERATING TRANSFERS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:

(Deficiency) excess of revenues over expenses before operating transfers
Adjustments to reconcile (deficiency) excess of revenues over expenses before
operating transfers to net cash (used in) provided by operating activities:
Unrealized (gain) loss on securities
Amortization depreciation of bond issuance and other costs
Interest on revenue bonds
Interest on other investments
Due from state of Louisiana
Deferred expenses
Restricted grants
(Advances to) repayments from Willows Housing Restoration Corporation
Advances to Pathways to Home Ownership New Orleans, Inc.
Receipt of insurance claim
Other -- net
Collections of mortgage loans and GNMA certificates

Net cash (used in) provided by operating activities

See notes to financial statements.

	Operating Fund	NOHMA Development Corporation	Unrestricted Fund	Xavier University Fund	Pathways to Homeownership New Orleans, Inc.	Willows Housing Restoration Corporation	Single Family Program Funds	Combined
	\$ (587)	\$ 15	\$ 201	\$ -	\$	\$ (522)	\$ (1,439)	\$ (2,332)
	6		(20)				1,266	1,246
	(40)		3	1,660		555	310	874
			(57)		(3)		7,957	9,617
					(2,077)		(6,300)	(6,400)
					(225)			(2,077)
					325			(225)
						(857)		325
	1,057		(200)		3,549			-
	(3,549)					2,200		2,200
	(400)	(38)	418	7	20	291	(322)	(24)
				700			7,885	8,585
	<u>\$ (3,513)</u>	<u>\$ (23)</u>	<u>\$ 345</u>	<u>\$ 2,367</u>	<u>\$ 1,589</u>	<u>\$ 1,667</u>	<u>\$ 9,357</u>	<u>\$ 11,789</u>

(Continued)

THE FINANCE AUTHORITY OF NEW ORLEANS

INDIVIDUAL STATEMENTS OF CASH FLOWS -- SINGLE FAMILY PROGRAM FUNDS
YEAR ENDED MARCH 31, 2009
(In thousands)

	Single Family Program Funds												Combined	
	Series A of 1995	Series A of 1996	Series A of 1997	Series A of 1998	Series A of 1999	Series A of 2000	Series A of 2001	Series A of 2002	Series A of 2003	Series A of 2003	Series A of 2003	Series A of 2003	Series A of 2008	Series A of 2008
CASH FLOWS FROM OPERATING ACTIVITIES:														
Cash received:														
Mortgage loans and mortgage-backed securities income	\$ 14	\$ -	\$ -	\$ 193	\$ 257	\$ 341	\$ 282	\$ 17	\$ 266	\$ 182	\$ -	\$ 1,060	\$ 3,168	\$ 3,168
Collection of mortgage loans and mortgage-backed securities	13			453	1,080	577	462	87	1,163	1,251		1,352	7,883	7,883
Other income	(1.9)	(30)	37	(45)	(130)		(18)	(8)	(61)	(12)	(1,083)	18	(1,550)	(1,550)
Net cash provided by (used in) operating activities	11	(20)	37	611	998	918	726	86	1,867	1,421	(1,083)	2,430	9,553	9,553
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:														
Bonds redeemed	(8)		(440)	(655)	(825)	(750)	(575)	(70)	(1,040)	(2,300)	(100,000)	(2,275)	(110,271)	(110,271)
Interest paid on revenue bonds	(95)		(3,133)	(199)	(170)	(318)	(250)	(6)	(259)	(7)	(2,088)	(1,195)	(8,309)	(8,309)
Interest received on investments				(13)	(68)	(109)	(41)	(3)	(40)			(29)	(327)	(327)
Net cash (used in) provided by noncapital financing activities	(103)		(3,598)	(867)	(1,063)	(1,177)	(865)	(79)	(1,319)	(2,307)	(102,088)	(3,499)	(118,907)	(118,907)
CASH FLOWS FROM INVESTING ACTIVITIES:														
Maturities (purchases) of investments -- net	126	21	1,502	235	229	195	120		(56)		100,000	1,223	101,330	101,330
Interest received on investments	7	8	2,015	21	76	69	20		18	3	2,448	83	4,756	4,756
Net cash provided by (used in) investing activities	133	29	3,517	256	255	264	140		(48)	3	102,448	1,306	106,086	106,086
NET (DECREASE) INCREASE IN CASH	43	(1)	(4)	29	17	5	17			(883)	(723)	237	(1,204)	(1,204)
CASH -- Beginning of year	13	24	35	2	5	51	22	10	3	1,264	723	215	2,897	2,897
CASH -- End of year	\$ 56	\$ 23	\$ 31	\$ 101	\$ 336	\$ 56	\$ 22	\$ 27	\$ 3	\$ 381	\$ -	\$ 452	\$ 1,679	\$ 1,679

THE FINANCE AUTHORITY OF NEW ORLEANS

INDIVIDUAL STATEMENTS OF CASH FLOWS — SINGLE FAMILY PROGRAM FUNDS
YEAR ENDED MARCH 31, 2006
(In thousands)

	Single Family Program Funds																	
	Series A of 1985	MRCMO of 1991	Refunding Series of 1992	Series A of 1993	Series A of 1994	Series A of 1995	Series AAB of 1996	Series AAB of 1997	Series AAB of 1998	Series AAB of 1999	Series ALB18B2 of 2000	Series AAB of 2001	MRCMO of 2002	Series A of 2003	Tranche GNMA Series A of 2003	Single Family Bonds Series A of 2006	Series A of 2006	Combined
RECONCILIATION OF (DEFICIENCY)																		
EXCESS OF REVENUES OVER EXPENSES																		
BEFORE OPERATING TRANSFERS TO NET																		
CASH PROVIDED BY (USED IN)																		
OPERATING ACTIVITIES:																		
(Deficiency) excess of revenues over expenses																		
before operating transfers																		
Adjustments to reconcile (deficiency) excess																		
of revenues over expenses before operating																		
transfers to net cash provided by (used in)																		
operating activities:																		
Unrealized (gain) loss on securities		11	2,335				(37)	(66)	(92)	(46)	(73)	(106)	3	(143)	135		(553)	1,266
Amortization of bond discounts and other costs			44				6	16	241	15	13	23	5	37	56	45	50	310
Interest on revenue bonds	5	79	3,147				190	157	241	335	304	264	4	222	2	1,849	1,158	7,957
Interest on other investments	(2)	(64)	(3,523)	(1)	(1)		(16)	(21)	(22)	(14)	(73)	(18)	(19)	(3)	(2,132)	(62)	(5,300)	
Other — net		(29)	59				23	25	(38)	(57)	59	(24)	(3)	(121)	11	16	(27)	(116)
Collection of mortgage loans and GNMA																		
certificates	13			6	35		463	630	1,050	797	577	462	87	1,162	1,251		1,352	7,985
Net cash provided by (used in)	\$ 11	\$ (30)	\$ 37	\$ 28	\$ 40	\$ (3)	\$ 611	\$ 892	\$ 1,177	\$ 998	\$ 918	\$ 726	\$ 96	\$ 1,367	\$ 1,431	\$ (1,083)	\$ 2,430	\$ 9,533
operating activities																		

See notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — The Finance Authority of New Orleans (the "Authority") is a public trust created by a trust indenture dated October 11, 1978, pursuant to Chapter 2A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The Authority was created to provide funds, through the issuance of bonds, to promote the development of residential housing (single or multi-family dwellings) in the City of New Orleans, Louisiana, for persons of low or moderate income. In accordance with the respective indentures, the proceeds from the single family bond issues are used to acquire mortgage notes and mortgage-backed securities.

The Authority is managed by a board of trustees appointed by the Council of the City of New Orleans. J.P. Morgan Trust Company, National Association served as the trustee of its single family program funds until October 2007 when The Bank of New York Trust Company, N.A. took over that responsibility. The Authority's staff serves as the mortgage loan administrator of the various whole loan portfolios. Various local financial institutions originate and service the Authority's single family program mortgage loans.

NOHMA Development Corporation — NOHMA Development Corporation was formed in the fiscal year 1994. The Corporation's mission is to provide increased home ownership among low-income families via a joint operating agreement with the Authority through a variety of services.

Xavier University Fund — As discussed in Note 2, the Xavier University Fund was formed in 2004 to provide funds to Xavier University to complete certain capital projects and repay certain debts of the University.

Pathways to Homeownership New Orleans, Inc. — Pathways to Homeownership New Orleans, Inc. was formed on March 31, 2005, and was funded in the year ended March 31, 2007. The Corporation's mission is to provide increased homeownership among low income families through a variety of services.

Willows Housing Restoration Corporation — As discussed in Note 3, the Willows Housing Restoration Corporation was formed in 2004 in order to acquire and rehabilitate a local apartment complex.

Basis of Presentation — Fund Accounting — The proprietary funds are used to account for the Authority's ongoing operations and activities which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resource measurement focus under which all assets and all liabilities associated with the operation of these funds are included in the balance sheet. The operating statements present increases (revenues) and decreases (expenses) in total net assets. The Authority maintains various proprietary fund types as detailed in the individual financial statements. Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 20, *Accounting for Financial Reporting for Propriety Funds and Other Governmental Entities That Use Propriety Fund Accounting*, the Authority has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board ("FASB"), excluding those issued after November 30, 1999.

Basis of Reporting — The Authority adopted GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, and also adopted the required portions of GASB Statements No. 37 and 38, which modified the disclosure requirements of GASB No. 34. GASB No. 34 establishes standards for external financial reporting for all state and local governmental entities.

It requires the classification of net assets into three components — invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- ***Invested in capital assets, less related debt*** — This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- ***Restricted*** — This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted*** — This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, less related debt."

Investments — In accordance with GASB Statement No. 31, most investments are recorded at fair value. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties and has generally been based upon quoted values. This method of accounting causes fluctuations in reported investment values based on fluctuations in the investment market. Fluctuations in the fair value of investments are recorded as income or expense in the statements of revenues, expenses and changes in net assets.

The Authority applies the provisions of GASB Statement No. 31 to U.S. Government and agency and mortgage-backed securities. Following is a summary of the unrealized gains (losses) as reflected in the accompanying financial statements (in thousands):

	Unrealized Gain (Loss)		
	Balance April 1, 2008	Change During the Year Ended March 31, 2009	Balance March 31, 2009
Unrestricted	\$ (3)	\$ 20	\$ 17
MRCMO of 1991	111	(11)	100
Refunding Series of 1992	8,311	(2,335)	5,976
Series A&B of 1996	136	37	173
Series A,B&C of 1997	151	66	217
Series A&B of 1998	102	92	194
Series A&B of 1999	161	46	207
Series A,B1&B2 of 2000	205	75	280
Series A&B of 2001	89	106	195
MRCMO of 2002	14	(3)	11
Series A of 2003	(7)	143	136
Taxable GNMA Series A of 2003	239	(135)	104
Series A of 2006	(903)	653	(250)
	<u>\$ 8,606</u>	<u>\$ (1,246)</u>	<u>\$ 7,360</u>

The sale of these investments by the Authority is subject to certain restrictions as described in the individual bond indentures.

Restricted Grants — In connection with the 1996 and certain subsequent programs, the Authority is receiving government grants which compensate the Authority for issuing loans, through mortgage-backed securities, to certain lower income borrowers at rates lower than the current market. A portion of these grants are considered the equivalent of "interest rate buy downs." The balances attributable to such lending arrangements are recorded as restricted grants. As principal payments are made by the borrower, such payments are segregated to be recycled in a similar program or to be repaid to the government.

Capital Assets — Capital assets are recorded at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated lives (buildings — 40 years; equipment — 5 to 10 years) of the related assets. Interest costs associated with construction in progress is capitalized as a part of the cost of the property. The Willows capitalized approximately \$100,000 of such costs during the year ended March 31, 2009.

Bond Issuance Costs — Bond issuance costs, including underwriters' discount on bonds sold, are being amortized ratably over the lives of the bonds based upon the principal amounts outstanding. The remaining unamortized balances of these costs are reflected on the accompanying balance sheets as "bond issuance costs and other deferred expenses."

Down Payment Assistance Programs — The costs of down payment assistance programs are deferred and amortized over the lives of the related assets. The remaining unamortized balances are reflected in the accompanying balance sheets as “bond issuance costs and other deferred expenses.”

Deferred Revenue — Single family program master servicer and lender participation fees are deferred and recognized as revenue over the lives of the related mortgage-backed securities.

Statements of Cash Flows — For purposes of the statements of cash flows, the Authority considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Reclassifications — Certain reclassifications have been made to the balances as of March 31, 2008 in order to conform to the classifications adopted for reporting in 2009.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Combined Totals — All of the various bond issues are required to have specific funds and accounts established to account for transactions. Therefore, each bond issue column contains the total amounts for the various funds and accounts required, and the combined total column contains the totals of all funds of the Authority, including the Unrestricted Fund and certain other funds, which may be utilized by the Authority for any public purpose authorized by the Authority's Indenture. Since the use of assets and accounts of each of the bond issues is restricted by the related bond resolutions, the totaling of the funds and accounts is for convenience only and does not indicate that the combined assets are available in any manner other than as provided by the various trust indentures and bond resolutions.

2. XAVIER UNIVERSITY BONDS

The Authority issued \$35,000,000 of bonds, less a \$200,000 discount, in the year ended March 31, 2004, in order to provide funds to Xavier University to complete certain capital projects and repay certain debts of the University. The bonds remaining at March 31, 2009, consists of (1) \$4,880,000 of serial bonds due from fiscal 2010 to 2014 and bear interest at 4.125% to 4.55%, (2) \$6,415,000 of term bonds which mature on June 1, 2020, and bear interest at 5.00%, (3) \$8,660,000 of term bonds which mature on June 1, 2026, and bear interest at 5.30%, and (4) \$11,810,000 of term bonds which mature on June 1, 2032, and bear interest at 5.30%. Principal payments under the serial bonds range from \$730,000 to \$865,000 in each of the next five years. The term bonds require sinking fund redemptions to be made on June 1 of each year in amounts ranging from \$945,000 to \$2,230,000 beginning June 1, 2015 through June 1, 2032. The bonds are secured by a mortgage loan from Xavier University which is collateralized by a mortgage on certain of its property and a pledge of all of its current and future revenues. The note is due in installments and bears interest with terms which are sufficient to pay all amounts when due under the bonds. Xavier University also agreed to reimburse the Authority for all of its expenses under this bond issue.

3. WILLOWS HOUSING RESTORATION CORPORATION (MODIFY)

During 2004, the Authority formed Willows Housing Restoration Corporation (“the Willows”). The Willows acquired a 260-unit apartment complex from a national not-for-profit organization. The

Authority's intent in purchasing the complex was to make certain improvements to the complex and then place it for sale. In connection with this purchase and its renovation, the Willows borrowed certain monies from a bank. The unpaid balance was \$9,802,000 at March 31, 2009. The note bears interest at a variable rate of 3.25% at March 31, 2009 and interest only is payable on a monthly basis. The unpaid balance is due in December 2009. The note is collateralized by a mortgage on the complex and a guarantee by the Authority. The Willows has a commitment for permanent financing for \$11,500,000 which expires in late 2009. See Note 11 regarding the impact of Hurricane Katrina on the Willows.

4. CASH AND INVESTMENTS

In compliance with state laws, those deposits not covered by depository insurance are secured by bank owned securities specifically pledged to the Authority and held in joint custody by an independent custodian bank. Custodial credit risk is the risk that in the event of a bank failure the Authority's deposits may not be returned to it. As a result of the pledging of additional securities by custodial banks in the Authority's name, the Authority does not have any custodial credit risk with respect to cash deposits at March 31, 2009. The Authority recognizes all purchases of investments with a maturity of three months or less, except for short term repurchase agreements, as cash equivalents.

Credit Risk — Louisiana state statutes authorize the Authority to invest in the following types of investment securities:

- 1) Fully-collateralized certificates of deposit issued by qualified commercial banks, federal credit unions and savings and loan associations located within the State of Louisiana.
- 2) Direct obligations of the U.S. government, including such instruments as treasury bills, treasury notes and treasury bonds and obligations of U.S. government agencies that are deliverable on the Federal Reserve System.
- 3) Repurchase agreements in U.S. government securities made with the primary dealers that report to and are regulated by the Federal Reserve Bank of New York.
- 4) Guaranteed investment contracts with companies having good credit ratings.

The Authority has no investment policy that would further limit its investment choices beyond the restrictions imposed by the State. At March 31, 2009, the Authority's investments in GNMA and FNMA are at least rated AAA by Standard and Poor's or Aaa by Moody's Investors Services. The Authority has no limit on the amount it may invest in any one issuer so long as the State's restrictions are followed.

Interest Rate Risk — As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's policies generally restrict investments to terms that are no longer than the terms of the related bonds.

The Authority's programs have investments in guaranteed investment contracts, mortgage backed securities and other investments which have maturities which approximate the terms of the related debt. Therefore, the Authority balances its interest rate risk against the related debt. By using this method, the Authority believes that it will mitigate its interest rate risk.

The Authority's unrestricted fund has investments in U.S. agency securities with a weighted average maturity of approximately five years and in mortgage backed securities with a weighted average maturity of approximately fifteen years.

Custodial Risk — For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At March 31, 2009, the Authority is not exposed to custodial credit risk with respect to its investments because all investments are either insured by federal depository insurance, registered in the name of the Authority, or collateralized by other investments pledged in the name of the Authority.

At March 31, 2009, the Authority's investments consisted of:

Operating Fund — The investments held in the Operating Fund at March 31, 2009, totaled \$50,000.

Unrestricted Fund — The investments held in the Unrestricted Fund at March 31, 2009, totaling \$1,447,000, consisted of U.S. agency obligations totaling \$1,316,000 yielding interest at approximately 1% and maturing between March and June 2009 and mortgage backed securities of \$131,000 bearing interest from 6 % to 7.5% and maturing through the year 2032.

	Carrying Amount (in thousands)
Single Family	
MRCMO of 1991:	
Investment agreement with Berkshire Hathaway Inc., 6-6.7%, due 9-10-14	152
Federal National Mortgage Association, 0% debentures due 7-15-14	<u>1,267</u>
Total	<u>1,419</u>
Refunding Series of 1992 — Resolution Trust Corp. 0% coupon bonds due from 7-15-09 to 1-15-11	<u>54,132</u>
Series A&B of 1996 — Investment agreement with Societe General Corp., 6.125%, due 12-1-29	<u>175</u>
Series AB&C of 1997 — Investment agreement with CDC, 6.13%, due 12-1-30	<u>409</u>
Series A&B of 1998 — Investment agreement with Transamerica, 4.63%, due 12-1-31	<u>563</u>
Series A&B of 1999 — Investment agreement with AIG Funding Corporation, 6.23%, due 5-31-32	<u>555</u>

(Continued)

	Carrying Amount
Single Family	
Series A,B1&B2 of 2000 — Investment agreement with Bayerische Landesbank, 6.4% due 12-1-32	1,188
Series A&B of 2001 — Investment agreement with Bayerische Landesbank, 2.53% due 12-15-15	363
Series A of 2003 — Investment agreement with Aegon, 4.01% due 12-1-34	857
Series A of 2006 — Investment agreement with Bayerische Landesbank, 4.85% due 6-1-38	<u>1,024</u>
Total Single Family Investments	<u>\$ 60,685</u>
	(Concluded)

5. MORTGAGE-BACKED SECURITIES

Several of the single-family bond issues were structured to provide funds to purchase 30 year fixed rate mortgages which would then be immediately sold and assigned to a master servicer and exchanged for mortgage-backed securities. The securities are backed by the mortgage loans and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA") or the Federal National Mortgage Association ("FNMA"). Interest on the GNMA and FNMA securities is stated at 1/2% and 5/8%, respectively, less than the interest rate on the respective mortgage loans with final maturity dates ranging from 2018 through 2035.

The individual single family issues structured in this manner and the values of the mortgage-backed securities held by each fund as of March 31, 2009, are as follows (in thousands):

Single Family Program Fund	Interest Rate	Carrying Amount of Securities
Series A&B of 1996	5.0-6.75%	\$ 3,248
Series A,B&C of 1997	4.8-6.6%	4,304
Series A&B of 1998	4.4-6.29%	4,152
Series A&B of 1999	5.1-7.1%	4,117
Series A,B1&B2 of 2000	5.2-7.3%	5,462
Series A&B of 2001	4.4%	4,729
MRCMO of 2002	6.0-7.5%	202
Series A of 2003	3.9-5.4%	4,527
Taxable GNMA Series A of 2003	7.7-8.5%	1,253
Series A of 2006	5.1-5.4%	<u>21,795</u>
Total		<u>\$ 53,789</u>

In addition, the Unrestricted Fund had mortgage-backed securities totaling \$131,000 at March 31, 2009. These securities have rates of 6% to 7.5%.

6. MORTGAGE LOANS RECEIVABLE

Mortgage loans have scheduled maturities of 30 years and are collateralized by first mortgages on the related property. The loans are serviced by certain designated loan servicers, who receive compensation for services rendered. The larger groups of loans have stated interest rates as follows:

	Interest Rate
Unrestricted Fund	8.25 %
Series A of 1985	10.75
Series A of 1993	8.95
Series A of 1994	10.95

The mortgage loans due from Xavier University are described in Note 2.

The Authority has established an allowance for doubtful receivables for the NOHMA Development Corporation and the Unrestricted Fund's loans aggregating \$107,000 as of March 31, 2009. The determination of the allowance was based on, among other things, an analysis of the unpaid balance of loans in default as compared to the estimated value of the related real estate and anticipated costs of disposal.

The Unrestricted Fund and NOHMA Development Corporation have an aggregate of approximately \$400,000 of PRIDE loans which provide the borrower with funds to pay their closing costs and are

subordinate to the first mortgages. The loans generally do not accrue interest if paid within ten years. The Authority has provided an allowance, included in the \$107,000 referred to in the preceding paragraph, on these loans based upon its review of activity to date and its estimate of the amount necessary to absorb existing losses.

7. CAPITAL ASSETS

Changes in capital assets are as follows (in thousands):

	Balance April 1, 2008	Additions	Reductions	Balance March 31, 2009
Cost:				
Willows:				
Land	\$ 800	\$ -	\$	\$ 800
Buildings and equipment	16,498	2,904		19,402
Other funds:				
Land	152			152
Building	104			104
Equipment	205	15		220
Total cost	17,759	2,919		20,678
Accumulated depreciation:				
Willows — buildings and equipment	619			619
Other funds:				
Building	57	3		60
Equipment	201	6		207
Total accumulated depreciation	877	9		886
Capital assets — net	\$ 16,882	\$ 2,910	\$	\$ 19,792

8. BONDS PAYABLE

The outstanding bonds payable and transactions of the Authority as of and for the year ended March 31, 2009, are as follows (in thousands):

Single Family	Issued	Interest Rate	Final Maturity Date	Outstanding March 31, 2008	Bonds Issued	Bonds Retired	Outstanding March 31, 2009
1985 Series A Issue:							
Compound interest serial bonds	\$ 4,799	9.75-10.9%	Redeemed	\$ -	\$ -	\$ -	\$ -
Compound interest term bonds	<u>1,434</u>	11.0	9-15-16	<u>8</u>		<u>8</u>	
Total	<u>\$ 6,233</u>			<u>8</u>	-	<u>8</u>	
1991 MRCMO:							
A-3	\$ 13,915	7.5	Redeemed				
A-4	800	7.5	Redeemed				
A-5	<u>1,500</u>	9.145	9-15-14	<u>1,500</u>			<u>1,500</u>
Total	<u>\$ 16,215</u>			<u>1,500</u>	-	-	<u>1,500</u>
Refunding Series of 1992:							
Serial bonds	\$ 11,350	5.0-6.0	Redeemed				
Term bonds	<u>51,445</u>	6.25	1-15-11	<u>49,600</u>		<u>405</u>	<u>49,195</u>
Total	<u>\$ 62,795</u>			<u>49,600</u>	-	<u>405</u>	<u>49,195</u>
1996 Series A&B Issue:							
Serial bonds	\$ 6,565	4.33-5.7%	12-1-10	\$ 30		\$ 0	\$ 30
Term bonds	3,900	6.0	12-1-31	760		150	610
Term bonds	9,860	6.1	12-1-29	1,920		355	1,565
Term bonds	1,595	5.75	12-1-16	310		60	250
Term bonds	5,470	5.35	Redeemed				
Term bonds	<u>2,505</u>	5.9	12-1-26	<u>490</u>		<u>90</u>	<u>400</u>
Total	<u>\$ 29,895</u>			<u>3,510</u>	-	<u>655</u>	<u>2,855</u>

(Continued)

	Issued	Interest Rate	Final Maturity Date	Outstanding March 31, 2008	Bonds Issued	Bonds Retired	Outstanding March 31, 2009
1997 A, B, & C Issue:							
Serial bonds	\$ 4,134	4.2-5	12-1-08	\$ 10	\$ -	\$ 5	\$ 5
Term bonds	3,800	5.75	12-1-23	750		190	560
Term bonds	9,980	5.85	12-1-30	1,960		490	1,470
Term bonds	2,755	5.45	12-1-16	545		140	405
Term bonds	8,330	5.13	Redeemed				
Tender bonds	<u>19,775</u>	3.92	Redeemed				
Total	<u>\$ 48,774</u>			<u>3,265</u>	<u>-</u>	<u>825</u>	<u>2,440</u>
1998 Series A&B Issue:							
Serial bonds	\$ 4,605	3.8-4.8	12-1-12	40		10	30
Term bonds	960	4.9	12-1-16	295		55	240
Term bonds	6,570	5.2	12-1-21	2,025		365	1,660
Term bonds	6,470	5.25	6-1-31	1,995		365	1,630
Term bonds	<u>2,670</u>	5.125	12-1-31	<u>820</u>		<u>150</u>	<u>670</u>
Total	<u>\$ 21,275</u>			<u>5,175</u>	<u>-</u>	<u>945</u>	<u>4,230</u>
1999 A&B Series:							
Serial bonds	\$ 5,455	4.6-5.5	12-1-09	90		10	80
Term bonds	4,005	5.9	12-1-13	200		30	170
Term bonds	2,365	6.0	12-1-18	670		95	575
Term bonds	3,430	5.5	Redeemed				
Term bonds	6,535	6.15	12-1-22	2,160		275	1,885
Term bonds	5,465	5.5	Redeemed				
Compound interest term bonds	<u>2,745</u>	6.57	6-1-32	<u>727</u>		<u>113</u>	<u>614</u>
Total	<u>\$ 30,000</u>			<u>3,847</u>	<u>-</u>	<u>523</u>	<u>3,324</u>
2000 A,B-1&B-2 Series							
Serial bonds	\$ 5,775	4.75-5.55	Redeemed				
Term bonds	23,000	5.55	12-1-32	5,440		750	4,690
Compound interest:							
Term bonds	1,224	6.1	Redeemed				
Tender bonds	<u>10,000</u>	4.45	Redeemed				
Total	<u>\$ 39,999</u>			<u>5,440</u>	<u>-</u>	<u>750</u>	<u>4,690</u>
2001 A&B Series:							
Serial bonds	\$ 4,810	3.10-5.30%	Redeemed				
Term bonds	1,805	5.25	6-1-20	675		70	605
Term bonds	1,825	5.3	6-1-23	680		75	605
Term bonds	4,180	5.35	12-1-28	1,440		225	1,215
Term bonds	5,000	5	Redeemed				
Term bonds	5,820	5.375	6-1-34	2,335		195	2,140
Compound interest serial bonds	1,304	5-5.30	Redeemed				
Compound interest term bonds	255	5.75	12-1-32	110		10	100
Tender bonds	<u>15,060</u>	2.3	Redeemed				
Total	<u>\$ 40,059</u>			<u>5,240</u>	<u>-</u>	<u>575</u>	<u>4,665</u>

(Continued)

	Issued	Interest Rate	Final Maturity Date	Outstanding March 31, 2008	Bonds Issued	Bonds Retired	Outstanding March 31, 2009
2002 MRCMO:							
Term bonds	5,785	4.27	Redeemed	\$ -	\$ -	\$ -	\$ -
Term bonds	<u>3,100</u>	6.53	12-1-16	<u>125</u>	<u>-</u>	<u>70</u>	<u>55</u>
Total	<u>\$ 8,885</u>			<u>125</u>	<u>-</u>	<u>70</u>	<u>55</u>
2003 A Series:							
Serial bonds	\$ 1,825	1.75-3.98	12-1-12	255		35	220
Serial bonds	<u>1,295</u>	3.75-4.05	12-1-16	<u>275</u>		<u>50</u>	<u>225</u>
Term bonds	3,045	4.75	12-1-23	640		110	530
Term bonds	<u>8,400</u>	5.0	12-1-33	<u>3,315</u>		<u>580</u>	<u>2,735</u>
Term bonds	<u>6,435</u>	4.95	12-1-34	<u>1,360</u>		<u>265</u>	<u>1,095</u>
Total	<u>\$ 21,000</u>			<u>5,845</u>	<u>-</u>	<u>1,040</u>	<u>4,805</u>
Taxable GNMA							
Series A of 2003	<u>\$ 19,175</u>	4.82	11-15-21	<u>2,300</u>	<u>-</u>	<u>2,300</u>	
2006 Single Family	<u>\$ 100,000</u>	Variable	12-1-09	<u>100,000</u>	<u>-</u>	<u>100,000</u>	
2006A Series	<u>\$ 24,505</u>	4.7% to 5.2%	6-1-38	<u>24,185</u>	<u>-</u>	<u>2,275</u>	<u>21,910</u>
				<u>210,040</u>	<u>-</u>	<u>110,371</u>	<u>99,669</u>
Unamortized discount on 1991 MRCMO							
				(668)		(79)	(589)
Unamortized discount on Refunding Series of 1992							
				(148)		(59)	(89)
Unamortized premium on 2003 Series A bonds							
				199		26	173
Unamortized premium on 2006 Series A bonds							
				<u>480</u>	<u>-</u>	<u>10</u>	<u>470</u>
				<u>(137)</u>	<u>-</u>	<u>(102)</u>	<u>(35)</u>
Total				<u>\$209,903</u>	<u>-</u>	<u>\$110,269</u>	<u>\$ 99,634</u>

(Concluded)

Additional information pertaining to the foregoing bonds is as follows:

Single Family — All the single family bonds issued are secured by and payable solely from bond proceeds, revenues and other amounts derived by the Authority from the mortgage loans and other assets acquired with the bond proceeds and from certain reserve funds.

1985 Series A Issue — The compound interest term bonds bear interest at the rate of 11.0% per annum, payable at maturity or upon redemption. Compounded amounts corresponding to the principal amounts ranging from \$52,000 to \$121,000 (plus interest) were required as sinking fund redemptions on March 15 and September 15 of each year from the year 2008 through September 15, 2016. The bonds were also subject to mandatory redemption under certain conditions.

MRCMO of 1991 — These obligations are secured by and payable solely from bond proceeds and investment earnings thereon. Interest on these obligations is taxable to the holders of the obligations. The obligations are segregated into five bond classes, which are payable sequentially as the related mortgage loans pay down. Bond classes A-1, A-2, A-3 and A-4 were retired in prior years. Class A-5 represents zero coupon bonds upon which interest is payable at maturity; the related obligations were priced to yield approximately 9.15%.

Refunding Series of 1992 — As a result of prior year restructuring transactions, these bonds are secured by a portfolio of U. S. government Agency securities, the maturity dates and amounts of which coincide with debt service requirements on the bonds. As of March 31, 2009, the serial bonds were fully retired.

The term bonds require sinking fund redemptions to be made semi-annually on January 15 and July 15 through 2010 in amounts ranging from \$140,000 to \$230,000 with the unpaid balance of \$48,530,000 due January 15, 2011. These bonds are not subject to redemption prior to their stated maturity.

1996 Series A&B Issue — During 1996, the Authority issued \$29,895,000 of Single Family Mortgage Revenue Bonds Series 1996 A&B. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA and FNMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA or FNMA.

The serial bonds mature annually and are payable December 1 of each year in amounts ranging from \$410,000 to \$720,000 through December 1, 2010.

The term bonds require sinking fund redemptions to be made on June 1 and December 1 of each year from the year 2011 through 2029 in amounts ranging from \$380,000 to \$975,000. These bonds are subject to redemption at the option of the issuer on or after December 1, 2007, at redemption prices ranging from 102% to 100% of principal plus accrued interest. These bonds are also subject to mandatory redemption under certain conditions.

1997 Series AB&C Issue — During 1997, the Authority issued \$48,774,000 of Single Family Mortgage Revenue Bonds 1997 Series AB&C. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA and FNMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA or FNMA.

The serial bonds mature annually and are payable December 1 of each year in amounts ranging from \$330,000 to \$450,000 through December 1, 2008.

The term bonds require sinking fund redemptions to be made on June 1 and December 1 of each year from the year 2009 through 2030 in amounts ranging from \$310,000 to \$1,060,000. These bonds are subject to redemption at the option of the issuer on or after December 1, 2009, at a redemption price of 102% to 100% of principal plus accrued interest. These bonds are also subject to mandatory redemption under certain conditions.

1998 Series A&B Issue — During 1998, the Authority issued \$25,587,000 of Single Family Mortgage Revenue Bonds 1998 Series A&B and acquired \$4,688,000 of Single Family Mortgage Revenue Bonds from the 1997 Refunding Series for a grand total of \$30,275,000. \$9,000,000 of these bond series have been fully redeemed. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA and FNMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA or FNMA.

The serial bonds mature annually and are payable December 1 of each year in amounts ranging from \$285,000 to \$400,000 through December 1, 2012.

The term bonds require sinking fund redemptions to be made beginning December 1, 2011, and then June 1 and December 1 of each year from the year 2012 through 2031 in amounts ranging from \$175,000 to \$905,000. These bonds are subject to redemption at the option of the issuer on or after December 1, 2008, at a redemption price of 101% to 100% of principal plus accrued interest. These bonds are also subject to mandatory redemption under certain conditions.

1999 Series A & B Issue — During 1999, the Authority issued \$30,000,000 of Single Family Mortgage Revenue Bonds 1999 Series A&B. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA and FNMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA or FNMA.

The serial bonds mature annually and are payable December 1 of each year in amounts ranging from \$360,000 to \$855,000 through December 1, 2009.

The term bonds require sinking fund redemptions to be made beginning December 1, 2011, and then June 1 and December 1 of each year from the year 2013 through 2032 in amounts ranging from \$165,000 to \$1,095,000. These bonds are subject to redemption at the option of the issuer on or after December 1, 2009, at a redemption price of 101% to 100% of principal plus accrued interest. These bonds are also subject to mandatory redemption under certain conditions.

The compound interest term bonds are due at their stated maturity including interest from date of issuance.

2000 Series A, B1 & B2 Issue — During 2000, the Authority issued \$39,999,999 of Single Family Mortgage Revenue Bonds 2000 Series A, B1&B2. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA and FNMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA or FNMA.

The term bonds require sinking fund redemptions to be made beginning December 15, 2015, and then June 1 and December 1 of each year from the year 2016 through 2032 in amounts ranging from \$430,000 to \$1,110,000. These bonds are subject to redemption at the option of the issuer on or after

December 1, 2009, at a redemption price of 101% to 100% of principal plus accrued interest. These bonds are also subject to mandatory redemption under certain conditions.

2001 Series A&B Issue — During 2001, the Authority issued \$40,059,000 of Single Family Mortgage Revenue Bonds 2001 Series A&B. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA and FNMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA or FNMA.

The term bonds require sinking fund redemptions to be made beginning June 1, 2017, and then December 1 and June 1 of each year from the year 2017 through 2034 in amounts ranging from \$680,000 to \$2,320,000. These bonds are subject to redemption at the option of the issuer on or after December 1, 2010, at a redemption price of 100% of principal plus accrued interest. These bonds are also subject to mandatory redemption under certain conditions.

The compound interest term bonds are due at their stated maturity of December 1, 2032, including interest from date of issuance.

MRCMO of 2002 — During 2002, the Authority issued \$8,885,000 of Single Family Mortgage Revenue Bonds 2002 MRCMO. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA and FNMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA or FNMA.

These bonds are subject to redemption at the option of the issuer at a redemption price of 100% of principal plus accrued interest whenever the amount of the original bonds issued has been reduced by 80%. These bonds are also subject to mandatory redemption under certain conditions.

2003 Series A Issue — During 2004, the Authority issued \$21,000,000 of Single Family Mortgage Revenue Bonds 2003 Series A. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA and FNMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA or FNMA.

The serial bonds mature annually and are payable December 1 of each year in amounts ranging from \$165,000 to \$350,000 beginning December 1, 2005 through December 1, 2016.

The term bonds require sinking fund redemptions to be made beginning June 1, 2005 and then December 1 and June 1 of each year from the year 2005 through 2034 in amounts ranging from \$40,000 to \$860,000. These bonds are subject to redemption at the option of the issuer on or after December 1, 2010 at a redemption price of 100% of principal plus accrued interest. These bonds are also subject to mandatory redemption under certain conditions.

2003 Series A Taxable GNMA Issue — During 2004, the Authority issued \$19,175,000 of Taxable GNMA 2003A Bonds. These obligations were secured by and payable solely from bond proceeds, revenues, GNMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds were not guaranteed by or, in any way, an obligation of GNMA. These bonds were redeemed in the year ended March 31, 2009.

Single Family Bonds of 2006 A — The Authority had \$100,000,000 of bonds outstanding at March 31, 2008, with an interest rate which fluctuated based on an index. These bonds were redeemed in the year ended March 31, 2009.

2006 Series A Issue — During 2007, the Authority issued \$24,505,000 of Single Family Mortgage Revenue Bonds 2007 Series A. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA and FNMA certificates and other amounts derived by the Authority from this issue and from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA or FNMA.

The bonds require redemptions to be made on a monthly basis beginning September 1, 2009 based on the repayments of the underlying GNMA and FNMA certificates. These bonds are subject to redemption at the option of the issuer on or after June 1, 2017, at a redemption price of 103% of the principal plus accrued interest. The redemption price declines to 100% on June 1, 2028.

9. DEBT PAYMENT REQUIREMENTS

Following is a schedule of the future principal and interest payments of the Authority's debt based on the stated maturity dates of the debt. Actual repayment dates will likely occur earlier since substantially all of the debt is subject to early redemption provisions. These early redemption provisions relate to payments received on the mortgage-backed securities and mortgage loans receivable and certain other factors. These early redemptions will also reduce future interest payments.

Scheduled principal payments for the years ended March 31 are as follows (in thousands):

Single Family Program	2010	2011	2012	2013	2014	Thereafter	Total
1991 MRCMO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500
Refunding Series of 1992	435	48,760					49,195
1996 Series A&B	120					2,735	2,855
1997 A, B & C	365					2,075	2,440
1998 Series A&B	480					3,750	4,230
1999 A&B Series	276					3,048	3,324
2000 A, B-1 & B-2	455					4,235	4,690
2001 A&B Series	139					4,526	4,665
2002 MRCMO						55	55
2003 A Series	760					4,045	4,805
2006A Series	<u>1,800</u>	<u>320</u>	<u>340</u>	<u>360</u>	<u>380</u>	<u>18,710</u>	<u>21,910</u>
Total single family program	4,830	49,080	340	360	380	44,679	99,669
Xavier University	730	760	795	830	865	27,785	31,765
Willows	<u>9,802</u>						<u>9,802</u>
	<u>\$ 15,362</u>	<u>\$49,840</u>	<u>\$ 1,135</u>	<u>\$ 1,190</u>	<u>\$ 1,245</u>	<u>\$72,464</u>	141,236
Adjustments for premiums and discounts							(205)
Total							<u>\$141,031</u>

Scheduled interest payments for the years ended March 31 are as follows (in thousands):

Single Family Program	2010	2011	2012	2013	2014	Thereafter	Total
1985 Series A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 454	\$ 454
Refunding Series of 1992	3,061	1,524					4,585
1996 Series A & B	180	171	171	171	171	2,199	3,063
1997 A, B & C	132	122	122	122	122	1,730	2,350
1998 Series A & B	200	188	188	188	188	2,554	3,506
1999 A & B Series	1,410	184	181	180	180	7,460	9,595
2000 A, B-1 & B-2	268	254	254	254	254	2,351	3,635
2001 A&B Series	241	238	238	238	238	3,643	4,836
2002 MRCMO	3	3	3	3	3	45	60
2003 A Series	208	190	190	190	190	3,239	4,207
2006 A Single Family	<u>1,150</u>	<u>1,060</u>	<u>1,040</u>	<u>1,020</u>	<u>1,000</u>	<u>14,611</u>	<u>19,881</u>
Total single family program	6,853	3,934	2,387	2,366	2,346	38,286	56,172
Xavier University	1,570	1,533	1,494	1,453	1,411	17,421	24,882
Willows	<u>240</u>						<u>240</u>
Total	<u>\$ 8,663</u>	<u>\$ 5,467</u>	<u>\$ 3,881</u>	<u>\$ 3,819</u>	<u>\$ 3,757</u>	<u>\$ 55,707</u>	<u>\$ 81,294</u>

10. OPERATING TRANSFERS

The Authority makes transfers between its various funds on a periodic basis. These transfers include the following:

1. Transfers from the Unrestricted Fund and other funds to finance the initial operations of new funds.
2. Transfers of the net assets of funds that are liquidating to the Unrestricted Fund.
3. Transfers from ongoing funds to the Unrestricted and Operating Funds to finance the Authority's ongoing operations.

11. HURRICANE KATRINA

On August 29, 2005, Hurricane Katrina struck the New Orleans and other Gulf Coast areas. The Hurricane did substantial damage to the City of New Orleans and included much flooding. The Willows owns an apartment complex in New Orleans which was severely damaged by Hurricane Katrina. The Willows received a total of about \$7,100,000 of insurance proceeds relating to the Willows. No additional proceeds are anticipated. The Willows has completed reconstruction of the Complex and has started renting them.

12. PATHWAYS TO HOMEOWNERSHIP NEW ORLEANS, INC.

The Authority has entered into a Cooperative Endeavor Agreement with the state of Louisiana to provide housing assistance to new homebuyers in New Orleans. The program provides for up to a \$65,000 "soft second" loan to the borrower and down payment assistance of up to \$10,000 per borrower. The Agreement also provides for a fee to the Authority of \$3,815 per loan processed. The agreement has a total amount of \$28,880,000. The state of Louisiana reimburses the Authority for all of the "soft second" loans, the down payment assistance provided as well as the \$3,815 fee for each loan processed. The Authority is recording income from the fee over the period that it provides services under the Agreement.

13. BOARD MEMBER PER DIEM

The members of the Authority's Board of Trustees receive a per diem fee for all committee and board meetings attended. For the year ended March 31, 2009, the following amounts were paid to the Authority's Board members:

Board Member

Joyce Glapion	\$ 1,000
Gary M. Clark	1,050
Stephen Daste	1,750
Joel M. Daste	200
Joseph E. Friend	1,850
Guy T. Williams	1,150
G. Wade Wootan	<u>850</u>
Total	<u>\$ 7,850</u>

These amounts are paid through the Operating Fund and included in program expenses in the accompanying statements of revenues, expenses and changes in net assets.

* * * * *



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
The Finance Authority of New Orleans

We have audited the individual financial statements of The Finance Authority of New Orleans (the "Authority"), as of and for the year ended March 31, 2009, and have issued our report thereon dated August 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and the State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silva, Gortner + Abrey, LLC

August 19, 2009
New Orleans, Louisiana

Bruno & Terralon LLP

THE FINANCE AUTHORITY OF NEW ORLEANS

SINGLE AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2009



TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	3
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	4
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10
SCHEDULE OF PRIOR YEAR FINDINGS	12



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Finance Authority of New Orleans
New Orleans, Louisiana

We have audited the accompanying Schedule of Expenditures of Federal of **The Finance Authority of New Orleans (the Authority)** for the year ended March 31, 2009. The basic financial statements of **the Authority** for the year ended March 31, 2009 are audited by other auditors whose opinion dated August 19, 2009 expressed an unqualified opinion on those financial statement. The Schedule of Expenditures of Federal Awards is the responsibility of **the Authority's** management. Our responsibility is to an express opinion on the Schedule of Expenditures of Federal Awards based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provision of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Expenditures of Federal Awards are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Expenditures of Federal Awards. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Trustees
The Finance Authority of New Orleans
New Orleans, Louisiana
Page 2

In our opinion, the Schedule of Expenditures of Federal Awards referred to above present fairly, in all material respects, the expenditures of federal awards for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Government Auditing Standards, we have also issued our report dated September 25, 2009 on our consideration of **the Authority's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 25, 2009

THE FINANCE AUTHORITY OF NEW ORLEANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2009

<u>FEDERAL GRANTOR</u> <u>PROGRAM TITLE</u>	<u>FEDERAL</u> <u>CFDA</u> <u>NUMBER</u>	<u>FEDERAL</u> <u>EXPENDITURES</u>
U. S. Department of Housing and Urban Development Passed Through State of Louisiana, Division of Administration, Office of Community Development Community Development Block Grant, Homebuyer Assistance Pilot Program	14.218	<u>\$4,379,672</u>
Total U. S. Department of Housing and Urban Development		<u>4,379,672</u>
Total Expenditures of Federal Awards		<u>\$4,379,672</u>

NOTE: The accompanying schedule of expenditures of federal awards includes the federal grant activity of **the Authority** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements .



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
The Finance Authority of New Orleans
New Orleans, Louisiana

We have audited the Schedule of Expenditures of Federal Awards of **The Finance Authority of New Orleans (the Authority)** for the year ended March 31, 2009, and have issued our report thereon dated September 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered **the Authority's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Schedule of Expenditures of Federal Awards, but not for the purpose of expressing an opinion on the effectiveness of **the Authority's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **the Authority's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **the Authority's** ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of **the Authority's** Schedule of Expenditures of Federal Awards that is more than inconsequential will not be prevented or detected by **the Authority's** internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Schedule of Expenditures of Federal Awards will not be prevented or detected by **the Authority's** internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the Authority's** Schedule of Expenditures of Federal Awards are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the Schedule of Expenditures of Federal Awards amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of **the Authority's** Board, management, the Legislative Auditor for the State of Louisiana, and the federal awarding agency and the pass-through entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 25, 2009



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO ITS MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees
The Finance Authority of New Orleans
New Orleans, Louisiana

Compliance

We have audited the compliance of **The Finance Authority of New Orleans (the Authority)**, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended March 31, 2009. **The Authority's** major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of **the Authority's** management. Our responsibility is to express an opinion on **the Authority's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO ITS MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Compliance, Continued

of compliance requirements referred to above that could have a direct and material effect on its major federal program, occurred. An audit includes examining, on a test basis, evidence about **the Authority's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **the Authority's** compliance with those requirements.

In our opinion, **the Authority** complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended March 31, 2009.

Internal Control Over Compliance

The management of **the Authority** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **the Authority's** internal control over compliance with the requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **the Authority's** internal control over compliance.

A control deficiency in **the Authority's** internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **the Authority's** ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by **the Authority's** internal control.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO ITS MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Authority's Board, management, the Legislative Auditor for the State of Louisiana, and the federal awarding agency and the pass-through entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 25, 2009

THE FINANCE AUTHORITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2009

We have audited the Schedule of Expenditures of Federal Awards of **The Finance Authority of New Orleans** for the year ended March 31, 2009, and have issued our report thereon dated September 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the Schedule of Expenditures of Federal Awards for the year ended March 31, 2009 resulted in an unqualified opinion.

1. **Summary of Auditors' Results**

- A. Significant deficiencies in internal control were disclosed by the audit of the Schedule of Expenditures of Federal Awards : **None Reported** Material weaknesses: **No**.
- B. Noncompliance which is material to the Schedule of Expenditures of Federal Awards : **No**.
- C. Significant deficiencies in internal control over major programs: **None Reported** Material weaknesses: **No**.
- D. The type of report issued on compliance for the major program: **Unqualified**.
- E. Any audit findings which are required to be reported under section 510 (a) of OMB Circular A-133: **No**.
- F. Major program:
 - U.S. Department of Housing and Urban Development:
 - Community Development Block Grant,
 - Homebuyer Assistance Pilot Program
 - (CFDA No. 14:228)
- G. Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**.

THE FINANCE AUTHORITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

1. **Summary of Auditors' Results, Continued**

H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: No.

I. A management letter was issued: No.

2. **Financial Statement Findings**

No matters were reported.

3. **Federal Award Findings and Questioned Costs**

No matters were reported.

THE FINANCE AUTHORITY OF NEW ORLEANS
SCHEDULE OF PRIOR YEAR FINDINGS

**Section I - Internal Control and Compliance Material to the
Schedule of Expenditures of Federal Awards**

No prior year single audit was required.

Section II - Internal Control and Compliance Material to Federal Awards

No prior year single audit was required

Section III - Management Letter

No prior year single audit was required.